



Grand Rapids Area Chamber of Commerce

Creating Opportunities for Business Success

X Testimony by Jared I. Rodriguez
Vice President, Public Policy & Government Affairs
Before the Michigan House of Representatives Tax Policy Committee
Elimination of Health Care Benefits from the SBT Base
February 23, 2005

Representative Sheen, members of the House Tax Policy Committee, my name is Jared Rodriguez, and I am the Vice President of Public Policy and Government Affairs for the Grand Rapids Area Chamber of Commerce. On behalf of the 3,000 businesses we represent, I am pleased to come before you today in support of House bill 4342.

I commend you on the actions you have taken to address the issue of employer-related health care costs as it relates to the Single Business Tax liability. We are encouraged that such steps will protect Michigan jobs while providing cost-efficient incentives for employers to extend health care benefits to their workforce.

As an organization, we seek to create opportunities for business success. We accomplish this by promoting business and commerce through collaborative leadership, focusing on economic growth, public policy and community responsibility. Removing tax burdens and barriers facing job providers throughout Michigan, will allow more flexibility in expanding the overall workforce and ultimately enhance our volatile economy.

Michigan is one of two states that continue to impose a tax on employers who offer health benefits to employees. Priority must be given to measures that will level the playing field between Michigan and the competitive tax structures that are available in other states.

Additionally, given the pause in the scheduled reduction of the SBT, the Governor's SBT restructuring proposal and the uncertainty of when further reductions may continue, it is worth allowing businesses to remove health care costs from their SBT calculations. Such a move would provide immediate relief to many business owners struggling with the question of not what type of health benefits to offer, but whether to offer them at all.

Now is not the time for the state to cut back on economic development. We must continue to give our employers the necessary tools to create jobs and jumpstart our economy. House bill 4342 will save job providers millions of dollars. Small business is the backbone of our organization and we will continue to support initiatives that are conducive to their needs and aid further job expansion.

While we were supportive of past efforts to provide a reduction in the health care portion of the SBT liability, we strongly urge the legislature to expedite the full and complete elimination of the tax our job providers are paying for providing health care benefits to their employees. We remain encouraged that lawmakers will continue to see that employer-related health care be a priority.

Your actions will bring relief to businesses and protect this important benefit for individuals.